

Dialogue

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The occasion for these remarks is the publication of a two-volume US General Accounting Office (GAO) report to the House Committee on Interior and Insular Affairs (chaired by Representative Morris K. Udall) titled *U.S. Trust Territory: Issues Associated With Palau's Transition to Self-Government* (July 1989). The report reviews the oversight and assistance provided by various US agencies, including the departments of State, Defense, and Interior, the Office of Micronesian Status Negotiations, the Federal Bureau of Investigation, the Drug Enforcement Administration, and the Trust Territory of the Pacific Islands, especially as the activities of these bodies relate to the approval process of the Compact of Free Association between Palau and the United States. The GAO research group, headed by Nancy R. Kingsbury, conducted extensive interviews and reviewed documents in the field in November–December 1987, and in October–November 1988. My purpose in discussing this report is to use it as a two-faced or “reflexive” ethnographic tool, first to confirm certain characteristics of Palauan culture and second to reveal certain assumptions held by representatives of the US government toward Palau and, by extension, toward other Pacific Island societies.

In this context I am not particularly interested in the truth of the report's summaries of events taking place in Palau between 1981 and 1989—I could barely figure out what was going on when I was there doing field research between 1978 and 1980—nor am I concerned with the merits of the report's substantive policy recommendations to the Committee on Interior and Insular Affairs. While the financial scandals, personal tragedies, and political machinations detailed in the report will probably not constitute a Palau-gate for its readers, I hope to show that beneath its bureaucratic rhetoric the report is of extreme interest to anthropologically minded scholars of the contemporary Pacific.

THE PALAUAN POLITICAL LANDSCAPE

Over the past two decades Palauan politicians have accomplished four major tasks: in 1978 they guided the people of Palau to reject by a narrow margin membership in the Federated States of Micronesia (FSM) and thereby to repudiate the position of the pro-FSM Progressive Party (led by John O. Ngiraked and others); in 1979, as a result of this referendum over the FSM and of Secretarial Order 3039 from the Department of the Interior delegating most governmental functions to local Micronesian legislatures, they drafted and presented for successful ratification a national constitution; in 1981 they inaugurated the first government headed by President Haruo Remeliik (who had previously served with distinction as the head of the constitutional convention) and consisting of a bicameral legislature; and in 1982 they completed negotiations for the Compact of Free Association with the United States, bringing to a close decades of intricate negotiations.

Despite these proud accomplishments, few knowledgeable observers in the early 1980s would have predicted smooth sailing for Palau's canoe of state because of continuing factional disagreements over fundamental political principles and priorities. One of the ironies of Palau's recent political history is that opposition to affiliating with other Micronesian entities to form the FSM brought together strange bedfellows, since both those who wanted closer bilateral ties with the United States (remnants of the Liberal party led by Roman Tmetuchl and Lazarus Salii) and those who advocated nationalistic self-determination (remnants of the Tia Belaud party led by Moses Uludong) found themselves on the "no" side of the referendum. The losing side found its political voice muted: those who saw membership in the FSM as the only way to protect Palau from what they called the "divide and annex" policy on the part of the United States could now express their fears only through constitutional protections.

The decision to go it alone led various individuals to pursue increasingly divergent political strategies, with some concentrating on hammering out the best possible terms in the status negotiations for the compact, some focusing on developing personal power bases in anticipation of the formation of a national government, and others devoting their energy to drafting a constitution that proclaimed Palauan national identity, promoted economic self-determination, and guaranteed the security and safety of the islands' natural and human resources.

Throughout these political debates a major source of conflict has been different evaluations of the United States' efforts to fulfill its obligations under the trusteeship agreement (1947). Some Palauans believe that the economic and political ties with the United States begun during the trusteeship period should naturally evolve into an even closer relationship, namely free association, which is not incompatible with Palauan self-governance. These Palauans stress that without the continued support of the United States Palau cannot hope to make economic and social progress. Others believe that the United States has failed miserably in promoting Palauan economic development and welfare for thirty years and that, *before* Palau agrees to a termination of the trusteeship, the United States should increase expenditures for such things as infrastructure, health, and education. For this latter group, the "generosity" of funding exhibited in the various drafts of the compact—a veritable laundry list of promised improvements for each district and village—only indicates that the United States has the financial resources to accomplish in the present what it has systematically refused to accomplish in the past.

Individual political strategies came into conflict throughout the 1980s, primarily because the terms of the compact signed by the status negotiators (led from 1977 by Tmetuchl) were in conflict with specific sections of the constitution (drafted by a special convention headed by Remeliik). To be more precise, it was the US position that Palau should be free to draft a constitution without outside interference, as long as the resulting document was consistent with US strategic requirements. This paradoxical policy was dramatically articulated in a clearly interventionist "commentary" by Ambassador Rosenblatt sent to the still-in-session constitutional convention in March 1979, which stated:

The United States has made clear that any prohibition against nuclear or conventional weapons, to which U.S. cannot agree in the Compact, would render the U.S. unable effectively to assume responsibility for the security and defense of any area. As drafted, proposal 91 might effectively prevent U.S. warships and aircraft from transiting Palau either in time of peace or war. We urge that this proposal be dropped (as was done in the Marshall Islands). . . . Unless deleted or amended, the proposed language would create problems of the utmost gravity for the U.S.

Less than three months later, copies of another letter from Ambassador Rosenblatt were in circulation in Palau, this one itemizing the "total

United States financial assistance to Palau over fifteen years under Free Association”—with a bottom-line figure of \$247 million.

A new political faction that converged around these individual strategies was the People's Committee for the Constitution headed by Alfonso Oiterong, which condemned the extraordinary pressure brought to bear by the United States for Palauans to alter their precious constitution to fit the self-interest of the US military. In the electoral struggles for seats in the Palau Legislature that followed the constitutional drafting process, the people of Palau in 1980 replaced the generally pro-Status membership with a strongly pro-Constitution membership.

POWER PLANT POLITICS

The link between local factional politics and Palau–United States relations is revealed in the first major scandal of the newly instituted national government. In 1979, during an intense period of debate about the islands' economic future, the Palau Legislature resolved that the electrical power supply was “limited and unpredictable in the 30 years of the U.S. Trusteeship” (1:76) and that this infrastructural problem was a serious cause of Palau's continued inability to take strong steps toward economic self-sufficiency. Two possibilities presented themselves: to continue to renew leases on Army Corps generators or to contract for the construction of a new, permanent facility. The legislature's task force actively explored both of these options, the first by conferring with Army Corps experts and the second by visiting Majuro in the Marshall Islands, where the British company IPSECO was constructing a generator. By September 1981 both options appeared to be still alive. On 24 September representatives from the Army Corps, in a meeting with President Remeliik and the task force, recommended that a 5.6-megawatt generator would take care of Palau's power needs in the present and foreseeable future. But on 29 September President Remeliik issued a letter of intent to award a construction contract to IPSECO for a 16-megawatt generator and oil-storage facility costing \$26.7 million.

In response to these negotiations, the acting deputy high commissioner notified officials at the Department of the Interior and the Micronesian Status Negotiations in clear and explicit terms that, even under the terms of the yet-to-be settled compact, the IPSECO contract would leave Palau unable to meet its loan obligations, especially given the “dire financial sit-

uation" (1:79) at the close of fiscal year 1982. Not only did these officials fail to take action, as required by the terms of the trusteeship agreement, to avoid the impending financial crisis, but the high commissioner (who at this point still retained authority to suspend legislation passed by the Palau Legislature) refused to suspend a provision of Public Law 2-54 that waived the requirement for competitive bidding on government contracts. The high commissioner was certainly not following a principled strategy of noninterference, since she did in fact suspend a different portion of this same legislation; and she was even more certainly not acting responsibly, given "her authority to set terms and conditions for providing U.S. financial assistance" (1:85). And, when the British banks guaranteeing the loan sought more information about Palau's political and financial relationship with the United States, Ambassador Fred Zeder encouragingly told them first, that Palau had approved the compact on 10 February 1983—which was not completely true, since the voters failed to give the required 75 percent approval of a critical separate agreement concerning the transit of nuclear weapons; second, that the compact funds would provide a "reasonable portion of the capital funds for the proposed IPSECO project" (1:87)—a view in direct contradiction to previous financial evaluations; and third, that both Interior and Micronesian Status Negotiations "fully support the efforts of the Government of Palau to improve its present power-generating capability" (1:87).

To review: as administering authority, the United States created a crisis in the power infrastructure, making it impossible for Palau to pursue plans for economic development. Then, when the President of Palau chose a long-term but unrealistic solution, the United States refused to heed warnings from its own representative on the scene, and even took steps to facilitate the Palau Legislature's effort to make ad hoc changes in its laws designed to prevent wasteful, noncompetitive contracts. As a result, Palau ended up with a generator it could not pay for, having a potential power output it would never need, at a price it should never have had to pay. Facing the real threat of national bankruptcy, Palauan politicians interpreted the IPSECO affair in two ways: some adopted an "I told you so" position, arguing that if the compact had already been in effect none of this would have happened; others claimed that the United States was intentionally trying to ruin the Palauan economy in order to make compact approval a fiscal necessity.

A tragic consequence of the power-plant scandal was the assassination

of President Remeliik on 30 June 1985, the day before he was scheduled to make a televised speech concerning the IPSECO contract.

COMPACT APPROVAL PROCESS

The sticking point for efforts to reconcile the Palau Constitution with the Compact of Free Association lies in a provision of the constitution which stipulates that any agreement "which authorized use, testing, storage or disposal of nuclear, toxic chemical, gas or biological weapons intended for use in warfare shall require approval of not less than three-fourths (3/4) of the votes cast in such referendum." Since the compact clearly states that the United States retains full responsibility for the defense and security of Palau, and since it is US policy to neither confirm nor deny the presence of nuclear weapons on its warships and submarines, the popular approval of the compact requires either a 75 percent vote on this specific matter or a prior change in the restrictive constitutional provision. Having failed to obtain that required margin in five referenda between 1983 and 1987, the pro-Compact executive branch of the government decided to try the second tactic. However, this came up against another provision of the constitution, which states that constitutional amendments introduced by the legislature must receive the approval of no less than three-fourths of the members of both houses and, once approved, must be considered in a referendum coinciding with a once-in-four-years general election.

Not until August 1987, when the Palauan people finally voted 73 percent in favor of changing the constitution's strict nuclear provision and, a few weeks later, approved the full compact by an identical vote, could President Salii formally certify to the President of the United States that the compact had been approved. Only then could the US Congress act to ratify the approved compact: on 3 March 1988, the Pacific and Asian Affairs Subcommittee approved it and subsequently on 28 March the Senate passed it. The victory was short-lived. After a series of court suits, withdrawals, and reinstatements, and following a wave of personal intimidation, murder, and firebombings, the Palauan Supreme Court nullified the August compact vote on the grounds that the approval process was unconstitutional.

If the IPSECO scandal led directly to the murder of President Remeliik, the nullification of the compact vote may have contributed to the suicide two months later of Palau's second president, Lazarus Salii.

A RHETORIC OF ASSUMPTIONS

A tacit assumption shared by the GAO report and other US documents, letters, and policy papers is that the guarantee of millions of dollars of funds in advance of Palauan political decision-making dealing with Palau–United States status relations does not constitute “interference,” “intimidation,” or “bribery.” As noted, Ambassador Rosenblatt’s 1979 commentary on specific changes to be made in the draft constitution was followed by a communication containing a village-by-village itemization of promised compact funding levels. In describing the 1986 version of the compact, for instance, the GAO report states:

Approximately 80 percent of U.S. assistance to be provided to Palau under the compact is pledged with the full faith and credit of the United States. Should the United States fail in any year to provide the annual amount covered by the pledge, Palau would be able to seek relief in the U.S. Claims Court which is granted jurisdiction for such purpose. In fiscal year 1986, the U.S. Congress appropriated funds for Palau under the compact subject to its approval. These funds have not been spent because the compact has not taken effect. (1:13)

Not only is Palau put on notice that the Congress has already approved the funds—even before the deal is approved by the Palauan people—but Palau is given specific directions as to how to claim funds in the unlikely event of a US default.

One reason that this practice of “carrot dangling” does not appear questionable from the US point of view might be that the compact approval process is viewed as an inevitable conclusion. The 1980s is considered the uneasy and ambiguous period of “transition to self-government,” that is, as a transition from trusteeship to free association, despite the persistence of constitutional impediments (1:54). By starting sentences with “Once the compact takes effect” (1:14; cf 1:65, 1:66), the report, like US policy, pre-judges the Palauan electorate.

Another pervasive assumption is that anticomcompact sentiment (held in the late 1980s by 11 out of 16 members of the House of Delegates) is based primarily on the belief that the level of funding is not high enough: “Although over half of Palauan voters have supported the compact in six referenda, some Palauans stated that they will not support it unless U.S. funding is increased” (1:44). In a more expansive account of the position held by the majority in the House of Delegates, the report adds two more

motives: "Opposition to the compact is based on several reasons, such as concerns about the level of funding guaranteed by the compact, the compact's nuclear transit provisions, and U.S. rights to use Palauan land for defense purposes" (1:67). The possibility is never entertained that some people voted against the compact because, based on personal experience over the past thirty years, political alliance with the United States is not the desired relationship. (The United States has always had a difficult time imagining the positive feelings many Palauans have toward other potential allies, especially Japan. As victor of the bloody battles of World War II, still close in memory to many Palauans, the United States forgets, as no elderly Palauan can, that the period of Japanese occupation was also the period of massive construction of roads and buildings, as well as efficient communication and travel.)

The report's assumptions about Palau-United States economic relations can be seen in terms of two related paradoxes. The first paradox is that the report admits that during the trusteeship period, when economic development was the stipulated responsibility of the United States, Palau did not attain any degree of self-sufficiency: "Palau's economy is characterized by a small production base and a weak production capacity, primarily due to limited national resources, the lack of skilled manpower, and the absence of production-based economic development strategies. . . . Manufacturing is almost negligible, agriculture and fishing are primarily of a subsistence nature, and tourism is limited although it is a potential growth sector" (1:10). Yet the report voices confidence that, perhaps magically, "U.S. financial assistance to Palau under the compact is intended to stimulate economic development and assist Palau in achieving financial self-sufficiency" (1:29). In fact, though, the actual prospects for this development must not be considered too great, since the report also indicates that the US military's contingency plans for Palau are "relatively minor" given "its rugged terrain, limited infrastructure, and shortage of labor" (2:75), although these three factors may facilitate the military's authority "to designate defense sites and conduct activities and operations within Palau's lands, water, and airspace necessary for the exercise of its authority and responsibility" (1:12). In other words, the compact is seen, simultaneously, as the logical completion of obligations incurred during the trusteeship period and as the perfect vehicle to codify a relationship of financial dependency essential to meeting US foreign policy objectives.

This belief that a higher degree of "self-sufficiency" will result from

increased US aid is rendered even more puzzling by the second, related paradox. The report assumes that fiscal responsibility and economic progress in Palau require continued oversight by US authorities and evaluation in terms of standards set by US experience, yet the failure of oversight or "lack of monitoring" (2:23) of Palau is excused by the desire to support Palauan self-determination and to carefully respect fine jurisdictional lines, especially after the installation of constitutional government in 1981.

Interior officials said that since Secretarial Orders 3039 and 3119 do not explicitly authorize Interior to intercede in negotiations for contracts and agreements conducted by the government of Palau, they believe Interior can offer advice but cannot prevent Palau's executive branch from exercising its contracting authority. Officials stated that for the most part, they adhered to this policy even when they believed that agreements were not in Palau's best interest. Interior believes this policy is consistent with its philosophy that the Palau government became self-governing with regard to most matters in 1981. (1:19-20)

With regard to a fraudulent bond issue, "FBI officials told us that they did not make an independent investigation of Palau's bond issue because their authority to make such investigations in Palau is not clear" (2:18). In other words, it is the US policy to make every effort not to overstep its responsibilities in dealing with a constitutional government, while at the same time encouraging the Palauan people in every way to change that same constitution.

Clearly, the United States, following a "policy of non-interference" (1:72), did not take steps to prevent the IPSECO contract and did not actively promote public safety or support thorough criminal investigations during the compact crisis of 1987-1988. But the economic damage, legal turmoil, and personal tragedy of these events is the price of home rule.

Partly because of the political sensitivities associated with U.S. intervention, Interior and State officials did not interfere with Palau's attempted compact approval process. Based on their policy of promoting Palau's self-government, officials from these agencies agreed that Palau's legislature and judiciary should function without U.S. intervention. Also, based on this policy, Interior treated executive branch actions as local concerns and acts of violence and intimidation as violations of Palauan law that should be addressed by Palau's law enforcement system. (2:51)

The strategic withholding of parental reprimand will, however, nurture the growth of the childlike nation: in the reported words of a Micronesian Status Negotiations liaison officer, Palauans "have the optimism of a youthful nation, and it is impossible to convince them their plans are unrealistic" (1:80). The report envisions a situation in which increased "self-sufficiency" will be caused by increased cash grants and increased "fiscal responsibility" will be caused by "increased advice and technical assistance" (1:42) by the same agencies that monitored Palau into economic chaos.

While carefully documenting instances of the negligence, irresponsibility, and even possible corruption on the part of non-Palauan personnel, the report does not consider the possibility that part of Palau's managerial woes might be the result of Palauans studying US practices too closely. Among the more disturbing details of the report is the description of conflict-of-interest and bribery abuses by Palauan officials, some mentioned by name and others by office or title. While serving as Palau's ambassador for status negotiations, Lazarus Salii was also owner of Belta Travel Agency and in the latter role pursued a joint business venture with the project manager of IPSECO to establish an airline on Palau. In 1983, just two months after the signing of the initial IPSECO contract for \$27.5 million, the project manager gave Salii \$100,000 (another \$100,000 was given later). Similarly, while serving as a legislator in 1983, the Speaker of the House of Delegates drafted and signed the legislation waiving the competitive bidding requirement to facilitate awarding the power plant contract to IPSECO; at the same time he was also serving as the attorney for IPSECO, for which he received \$1.5 million in legal fees.

Such overlapping interests are, however, merely the Palauan version of the sequential interests of several of the Western players in Palau's "power" politics. The legal council for the Office for Micronesian Status Negotiations retired from government service in 1983 and joined a Washington law firm that represented IPSECO in several law suits (not related to Palau) totalling \$142,000 in legal fees. The deputy high commissioner of the Trust Territory of the Pacific Islands resigned from government service in 1983 to become president of IPSECO (US), with the assistance of a payment of \$100,000 from IPSECO. While the actions of the latter two government officials do not violate the letter of US conflict-of-interest regulations, the actions of the Palauan officials reflect normal practice in the Palauan context, where, according to a former Palau attorney general,

"virtually every member of Palau's Congress does business with the Republic" (1:98). Indeed, Palauan conflict-of-interest law exempts certain kinds of government employees, such as presidential appointees, special advisers and assistants, and elected officials—a not very restrictive set of categories.

The report complains about the way Palauans "do" politics, and many of the cited problems and abuses are regarded as aberrations or violations. The cases of bribery strike the reader as especially blatant. But from the Palauan point of view, one good way to "invest" in the future is to create financial obligations in as many social ties as possible; when indebtedness is spread around, the social system operates like a stock market or futures market. Direct payment of money (either currency or traditional valuables) is an accepted way to "heal wounds and establish a friendship" (1:97), although the authors of the report are not aware of this custom. This is one reason that the motives behind US actions are often understood so clearly in Palau: what they consider a "debt," the United States calls a "bribe"; what the United States calls "funding," Palauans understand as an obvious "investment" in the future of the United States, not of Palau.

The report also complains that too many decisions seem to be made without Palauan officials consulting either the office assigned responsibility for the issue or other elected officials. Here again the Palauan understanding of political "representation" differs to a degree from the American: officials in Palau, especially the president and vice president, are selected for who they are—politically, socially, economically, and personally—and Palauan leaders are then supposed to lead, quietly but confidently. Palauan politicians do "represent" their constituencies, but more by constituting them than by reflecting them. To think that a president of Palau in favor of the compact would not take strong and effective steps to influence the outcome of a referendum is to misunderstand Palauan political life. The "secrecy" of political decision-making, the equivalent of our own "smoke-filled rooms," is a necessary part of information management, essential in an island society where talk is a passionate activity. And concern over "conflict of interest" also needs to be seen in local terms. In Palau, a strong leader *combines* political power, social or family rank, financial resources, and even religious wisdom; ideally, all should go together. For a leader not to have a financial interest in political decisions could be seen as a mark of cultural incompetence.

As Palau looks forward to a new decade of political decision-making, one might wonder to what degree Palau's tragic experiences of the 1980s might actually be a positive contribution. Students of Palauan ethnography have long pointed to the society's tendency to generate factional disputes at many levels, between rival family groups competing for a title, between paired men's clubs in a village, or between "sides" of the whole polity. The steady penetration of foreign money (in many shapes) over the past several decades has certainly provided "capital" to keep this factionalism alive. But I sense—though from afar—that the political struggle over the compact may have pushed the society to such a test of its will and "heart" that national unity may, in the not too distant future, come to override both transient political bickering and historically embedded division. Palauan politicians, traditional and modern, speak of the nation as a "sailing canoe" pushed to the edge of capsizing. Citing recent evidence of political cooperation and employing this metaphor, a prominent contemporary politician editorialized in January 1989, on the eve of still another referendum:

The decade of the 80's ended as it began with the exception that now was heard a resounding note of reconciliation on the part of our past and present political leaders who have joined hands in an unprecedented effort to seek the final approval of the Compact of Free Association. As the decade of the 80's closed there comes to mind the advice found in an old and familiar Chesols [Palauan Chant] which roughly translates as follows:

My dear Demalasoi
It is bad to sail separately
It is better to sail together in one canoe
As our canoe shall not capsize.

POSTSCRIPT

Despite signs of political unity among Palau's national and local leaders, the voters again failed to approve the Compact of Free Association in a referendum on 6 February 1990. Prior to the vote, a group of politicians, including President Etpison, prominent legislators, and state governors, issued a declaration proclaiming their "joint and common intention to publicly and personally support the approval of the Compact of Free Association." But since only 60.8 percent of voters approved the compact, these politicians now face the task of trying to amend the constitution to

allow a majority vote for compact approval and the prospect of increased US intervention in national fiscal and governmental affairs, as the trusteeship continues into the 1990s.

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